

CITY OF IMOGENE, IOWA

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2015 THROUGH JUNE 30, 2016

CITY OF IMOGENE, IOWA
Table of Contents

	<u>Page</u>
OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2
DETAILED RECOMMENDATIONS:	<u>Finding</u>
Segregation of Duties	A 4
Bank Reconciliations	B 4
Chart of Accounts	C 4
Deposits and Investments	D 4
City Council Meeting Minutes	E 5
Approval of Salaries and Wages	F 5
Approval and Cancelation of Invoices	G 5
Missing Documentation	H 5
Transfer Schedule	I 5
Business Transactions	J 6
Timely Deposits	K 6

CITY OF IMOGENE, IOWA
OFFICIALS
June 30, 2016

(Before January, 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kevin Olson	Mayor	January, 2016
William Morrison	Council Member	January, 2016
Patrick Williams	Council Member	January, 2018
Katie Dornburgh	Council Member	January, 2018
Christian Wiebold	City Clerk/Treasurer	Indefinite
Mahlon Sorensen	City Attorney	Indefinite

(After January, 2016)

William Morrison	Mayor	January, 2018
Rebecca Castle	Council Member	January, 2020
Patrick Williams	Council Member	January, 2018
Katie Dornburgh	Council Member	January, 2018
Christian Wiebold	City Clerk/Treasurer	Indefinite
Mahlon Sorensen	City Attorney	Indefinite

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor
and Members of City Council

We have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Imogene for the period July 1, 2015 through June 30, 2016. The City of Imogene's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2015 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.

To the Honorable Mayor
and Members of City Council

7. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
8. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
9. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
10. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
11. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
12. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
13. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed-upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had we performed additional procedures, or had we performed an audit of the City of Imogene, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Imogene and other parties to whom the City of Imogene may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Gnewold, Ben, Kyhntw. P. C.

Atlantic, Iowa
December 22, 2016

DETAILED RECOMMENDATIONS

CITY OF IMOGENE, IOWA

Detailed Recommendations

For the period July 1, 2015 through June 30, 2016

- (A) Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:

- (1) Cash - handling, reconciling and recording.
- (2) Receipts - opening mail, collecting, depositing, journalizing, reconciling and posting.
- (3) Disbursements - purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (4) Payroll - recordkeeping, preparing and distributing.
- (5) Financial reporting - preparing and reconciling.
- (6) Journal entries - preparing and journalizing.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Bank Reconciliations - The bank reconciliations were prepared by the City Clerk, however the approval and review of the reconciliations were not documented.

Recommendation - An independent person on the City Council should document the review of the bank reconciliations by signing or initialing and dating the monthly reconciliations.

- (C) Chart of Accounts - The City has not fully implemented the recommended Uniform Chart of Accounts (COA) for Iowa City Governments approved by the City Finance Committee on September 25, 2002.

Recommendation - To provide better financial information and control, the recommended COA, or its equivalent, should be followed.

- (D) Deposits and Investments - The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa. In addition, a resolution naming official depositories has not been adopted by the City Council as required by Chapter 12C.2 of the Code of Iowa.

Recommendation - The City should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa. The City Council, by resolution, should approve amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12C.2 of the Code of Iowa.

CITY OF IMOGENE, IOWA

Detailed Recommendations

For the period July 1, 2015 through June 30, 2016

- (E) City Council Meeting Minutes - The City Council minutes do not include the total disbursements nor the total receipts for each fund. A list of claims and the reason for the claim is not included in the minutes. Also, the minutes were not signed.

Recommendation - The City should add to their council minutes the total disbursements and receipts for each fund for the month. The City should include in the minutes a list of claims for the month, as well as the reason for the claim. Also, the minutes should be signed by the City Clerk and Mayor.

- (F) Approval of Salaries and Wages - The City has not documented in the minutes the approved salaries and wages for all City employees.

Recommendation - The City should document annually in the minutes the approved salaries and wages for all City employees. In addition, any adjustments to the approved salaries and wages during the year should be documented in dollar amounts and not just a percentage change.

- (G) Approval and Cancellation of Invoices - The City does not document the approval of invoices to be paid or mark them as "Paid."

Recommendation - The City should document the approval of invoices to be paid by initialing and dating the invoice, and mark each invoice as "Paid."

- (H) Missing Documentation - Four of the thirty disbursements chosen for testing did not have supporting documentation.

Recommendation - The City should establish written policies and procedures, including the requirements for retaining proper documentation and approval for all disbursements.

- (I) Transfer Schedule - The City does not maintain a schedule of transfers between funds.

Recommendation - The City should keep documentation of the amount, date of, and purpose for each transfer throughout the year.

CITY OF IMOGENE, IOWA

Detailed Recommendations - Continued

For the period July 1, 2015 through June 30, 2016

- (J) Business Transactions - Business transactions between the City and City officials or employees which may represent conflicts of interest are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
William Morrison, Mayor, owner of Morrison Farms Mowing	Yearly mowing of City property	\$ 1,530

In accordance with Chapter 362.5(k) of the Code of Iowa, the above transactions do not represent a conflict of interest since total transactions were not more than \$2,500 during the fiscal year.

- (K) Timely Deposits - The City did not deposit its Road Use or LOST receipts on a timely basis.

Recommendation - The City should deposit Road Use and LOST receipts on a timely basis or authorize all receipts from the State of Iowa be direct deposits to the City's bank account.

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